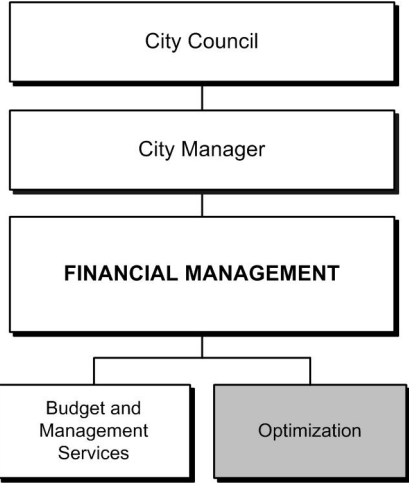




Financial Management



Financial Management



Mission Statement

To provide professional support to City management for making fiscal and organizational decisions necessary to plan and implement the optimum use of City resources.

Department Description

The Financial Management Department coordinates and manages the development and implementation of a responsible and balanced budget to ensure sufficient resources are available to provide high quality municipal services. The Department also consults with other City departments to achieve optimal service delivery and efficient business operations by incorporating innovative performance management strategies.

Division/Major Program Description

Budget and Management Services

Budget and Management Services' primary responsibility is to work with the City Manager and the Mayor and City Council to prepare and publish the Proposed and Annual Budgets in accordance with the City Charter each year. The Division also oversees the Performance Based Budgeting program. During the fiscal year, Budget and Management Services monitors expenditures and revenue receipts on a Citywide basis, oversees budget transfers and adjustments, and reviews Requests for City Council and City Manager Action for both the operating budget and the Capital Improvements Program. The Division also reviews financial reports prepared by all departments, divisions and programs quarterly to ensure budgeted expenditures do not exceed appropriations. Fiscal conditions are reported mid-year to the City Council in the City Manager's Financial Review and Status Report.

Financial Management

Division/Major Program Description (continued)

Optimization

Optimization was established in 1994 in accordance with Council Policy 000-30, and serves as an internal management consultant providing professional services in the areas of reengineering, optimization, process improvements, and performance management to City departments. The Program's goals are to improve the City's effectiveness of service delivery and business operations; provide and maintain the highest quality service for the optimum cost to residents, businesses, tourists and visitors; and promote accountability to taxpayers.

In addition, Optimization administers the Resident Satisfaction Survey. The Resident Satisfaction Survey is conducted annually to measure residents' satisfaction with City services. The Survey uses a representative sample of approximately 600 San Diego residents to gather information regarding a variety of topics ranging from quality of life to satisfaction with specific City services. Information gathered from this survey is used to facilitate the decision-making process as it relates to policy issues.

Service Efforts and Accomplishments

The Financial Management Department provides services to the City Manager and the City Council and serves as an internal consultant to other City departments. Financial Management administers a balanced budget of over \$2 billion, which includes an operating budget and a Capital Improvements Program. Also under the Financial Management umbrella is the pioneering Optimization Program. This Program consults with City departments to ensure that high-quality services are provided in the most fiscally efficient manner possible.

Innovation, national recognition and consistent high-quality deliverables are hallmarks of the Budget and Management Services Division. Imagination, technical expertise and dedication to excellence resulted in San Diego being the first city in the nation to produce its budget on CD ROM for general circulation and the first to display their complete operating budget on the Internet. Each year for the past 10 years, the Division has received recognition from the California Society of Municipal Finance Officers (CSMFO) and Government Finance Officer's Association (GFOA) for distinction in operating budget publication. The City of San Diego has also been lauded for its leadership in the development and implementation of Performance Based Budgeting. Budget and Management Services has led the way in tying budgets to the efficient and effective performance of City services.

The Optimization Program functions as an internal management consultant team, providing re-engineering, optimization, process improvement, and performance management services to City departments.

In addition, the Optimization Program coordinates with the Zero Based Management Review (ZBMR) and the Select Committee, which is a team of citizen volunteers used to conduct macro-operational assessments of City departments and programs. Optimization and ZBMR are parallel, complementary programs. Project information and data are routinely shared between the programs in an effort to maximize the benefit of the optimization efforts process. The City has realized a savings of over \$113 million through the efforts of both of these programs from 1994-2003.

The Optimization Program accepted the award for "Best Companies to Work For in San Diego," presented to the City by the San Diego Business Journal and the San Diego Workforce Partnership. This honor was achieved through the City's continual commitment to providing programs that emphasize interpersonal communications, empower employees, provide a variety of training, and reward and recognize employees for exemplary service.

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Future Outlook

Budget and Management Services will continue to pursue initiatives to improve budget processes and communication with internal City and external stakeholders through the use of advanced technologies such as streamlining and automating budget publishing. The Division will realize increased efficiency and a reduction in staff overtime as these initiatives are implemented. During difficult economic times, the Division is particularly critical in analyzing revenues and core expenditures, and in implementing the direction of the City Manager and City Council to ensure that the City balances its funds at year-end.

The Optimization Program is moving forward with a systematic process to identify and optimize critical Citywide and cross-departmental functions, while creating a more robust education and outreach effort to promote process improvements throughout the City. Through benchmarking with other cities and governmental agencies similar in demographics, Financial Management is able to ensure that the City is operating at its optimal level, thus giving the Mayor and City Council and the City Manager confidence that the residents of San Diego are receiving the best and highest quality services available. This process enables Financial Management to continually enhance its programs and provide up-to-date information to clients.

Budget Dollars at Work

\$2.0 Billion budget balanced in Fiscal Year 2004

12 Budget document volumes published

3,222 Budget document pages published

2,000 Budget document CD ROMs produced and distributed nationwide

\$28 Payback for every one dollar spent in the Optimization Program

Financial Management				
	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL	FY 2003-2004 CHANGE
Positions	31.28	31.33	30.03	(1.30)
Personnel Expense	\$ 2,697,039	\$ 2,495,064	\$ 2,495,897	\$ 833
Non-Personnel Expense	\$ 493,828	\$ 549,378	\$ 377,927	\$ (171,451)
TOTAL	\$ 3,190,868	\$ 3,044,442	\$ 2,873,824	\$ (170,618)

Department Staffing

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
GENERAL FUND			
Budget and Management Services			
Citywide Support	1.75	2.15	0.65
Current Yr Budget Monitoring	5.50	5.85	6.35
Internal Operations	4.25	4.00	4.00
Management	2.92	3.12	3.12
Proposed Yr Budget Development	9.00	8.25	8.25
Total	23.42	23.37	22.37
OPTIMIZATION PROGRAM FUND			
Optimization Program			
Competition Program	0.20	0.00	0.00
Perf Measurement & Monitoring	1.35	0.95	0.70

Financial Management

Department Staffing (continued)

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
OPTIMIZATION PROGRAM FUND			
Optimization Program			
Reengineering & Perf. Mgmt.	6.31	7.01	6.96
Total	7.86	7.96	7.66

Department Expenditures

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
GENERAL FUND			
Budget and Management Services			
Citywide Support	\$ 394,553	\$ 222,886	\$ 79,589
Current Yr Budget Monitoring	\$ 360,362	\$ 555,319	\$ 574,602
Internal Operations	\$ 406,457	\$ 271,807	\$ 252,721
Management	\$ 337,050	\$ 452,072	\$ 454,253
Proposed Yr Budget Development	\$ 1,151,404	\$ 781,875	\$ 752,248
Total	\$ 2,649,825	\$ 2,283,959	\$ 2,113,413
OPTIMIZATION PROGRAM FUND			
Optimization Program			
Perf Measurement & Monitoring	\$ 44,418	\$ 120,861	\$ 104,689
Reengineering & Perf. Mgmt.	\$ 496,624	\$ 639,622	\$ 655,722
Total	\$ 541,042	\$ 760,483	\$ 760,411

Significant Budget Adjustments

GENERAL FUND

Budget and Management Services	Positions	Cost
Salary and Benefit Adjustments	0.00	\$ 85,224
Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.		
Reduction in Equipment Support-Procurement	0.00	\$ (11,000)
The Division will have a reduced ability to replace and upgrade servers, printers, computers, and other equipment.		
Non-Discretionary	0.00	\$ (16,392)
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Support for Information Technology	0.00	\$ (17,152)
Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.		

Financial Management

Significant Budget Adjustments (continued)

GENERAL FUND

Budget and Management Services	Positions	Cost
Reduction in Training for Staff This will eliminate funds available for staff development training and learning opportunities.	0.00 \$	(20,875)
Reduction in Information Technology Services This will reduce the Division's ability to fund maintenance, repair and resolution of problems relating to information technology equipment and network access.	0.00 \$	(46,000)
Reduction in Transfer to Information Technology Division of the Information Technology and Communications Department Reduction in transfer of funds to the Information Technology Division of the Information Technology and Communications Department for the equivalent of 0.30 Senior Management Analyst.	0.00 \$	(48,652)
Reduction in Information Systems Reduction of 1.00 Information Systems Analyst IV assigned to development and administration of the Financial Management Information System, the budgeting database for the City. This will impact future development and upgrades to the system.	(1.00) \$	(95,699)

OPTIMIZATION PROGRAM FUND

Optimization Program	Positions	Cost
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.	0.00 \$	32,217
Support for Information Technology Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.	0.00 \$	1,319
Non-Discretionary Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	(10,088)
Reduction in Citywide Surveys and Reengineering and Performance Management Reduction of 0.30 Organizational Effectiveness Specialist II budgeted to assist in Citywide Surveys and Performance Management.	(0.30) \$	(23,520)

Financial Management

Expenditures by Category

		FY 2002 ACTUAL		FY 2003 BUDGET		FY 2004 FINAL
PERSONNEL						
Salaries & Wages	\$	2,091,599	\$	1,918,088	\$	1,858,759
Fringe Benefits	\$	605,441	\$	576,976	\$	637,138
SUBTOTAL PERSONNEL	\$	2,697,039	\$	2,495,064	\$	2,495,897
NON-PERSONNEL						
Supplies & Services	\$	219,529	\$	189,984	\$	117,140
Information Technology	\$	229,212	\$	301,298	\$	209,379
Energy/Utilities	\$	44,070	\$	58,096	\$	51,408
Equipment Outlay	\$	1,017	\$	-	\$	-
SUBTOTAL NON-PERSONNEL	\$	493,828	\$	549,378	\$	377,927
TOTAL	\$	3,190,868	\$	3,044,442	\$	2,873,824

Revenues by Category

		FY 2002 ACTUAL		FY 2003 BUDGET		FY 2004 FINAL
GENERAL FUND						
Property Tax	\$	-	\$	-	\$	-
Other Local Taxes	\$	-	\$	-	\$	-
Licenses and Permits	\$	-	\$	-	\$	-
Fines, Forfeitures, and Penalties	\$	-	\$	-	\$	-
Revenue from Money & Property	\$	-	\$	-	\$	-
Revenue from Other Agencies	\$	-	\$	-	\$	-
Charges for Current Services	\$	748,133	\$	169,394	\$	169,394
Other Revenues	\$	-	\$	-	\$	-
Transfers from Other Funds	\$	-	\$	-	\$	-
TOTAL	\$	748,133	\$	169,394	\$	169,394

Key Performance Measures

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 FINAL
Average cost per budget document page produced	\$73	\$45.75	\$43.29
Average cost per department, division, program and/or fund assisted	\$1,834	\$1,308	\$1,363
Average cost per report reviewed	\$160	\$164	\$170
Average annual cost per reengineering/performance management project	\$55,180	\$91,375	\$93,675

Financial Management

Salary Schedule

GENERAL FUND

Budget and Management Services

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>		<i>Total</i>
1106	Sr Management Analyst	4.00	5.00	\$	62,561	\$ 312,803
1107	Administrative Aide II	0.75	0.75	\$	44,196	\$ 33,147
1139	Budget Services Administrator	1.00	1.00	\$	78,333	\$ 78,333
1218	Assoc Management Analyst	8.00	7.00	\$	55,514	\$ 388,598
1235	Multimedia Production Coordinator	1.00	1.00	\$	49,829	\$ 49,829
1648	Payroll Specialist II	1.00	1.00	\$	36,573	\$ 36,573
1746	Word Processing Operator	2.50	2.50	\$	33,015	\$ 82,538
1876	Executive Secretary	0.21	0.21	\$	46,238	\$ 9,710
1917	Supv Management Analyst	2.00	2.00	\$	71,074	\$ 142,148
1926	Info Systems Analyst IV	1.00	0.00	\$	-	\$ -
2111	Asst City Manager	0.01	0.01	\$	172,100	\$ 1,721
2130	Financial Management Director	0.70	0.70	\$	131,631	\$ 92,142
2153	Deputy City Manager	0.20	0.20	\$	163,465	\$ 32,693
2214	Deputy Director	1.00	1.00	\$	110,016	\$ 110,016
	Total	23.37	22.37			\$ 1,370,251

OPTIMIZATION PROGRAM FUND

Optimization Program

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>		<i>Total</i>
1100	Accountant III	0.50	0.50	\$	63,190	\$ 31,595
1106	Sr Management Analyst	1.00	1.00	\$	62,561	\$ 62,561
1218	Assoc Management Analyst	2.00	2.00	\$	55,514	\$ 111,027
1614	Org Effectiveness Specialist II	1.00	0.70	\$	56,090	\$ 39,263
1746	Word Processing Operator	1.00	1.00	\$	33,015	\$ 33,015
1876	Executive Secretary	0.08	0.08	\$	46,238	\$ 3,699
1917	Supv Management Analyst	1.00	1.00	\$	71,076	\$ 71,076
2111	Asst City Manager	0.01	0.01	\$	172,100	\$ 1,721
2130	Financial Management Director	0.30	0.30	\$	131,630	\$ 39,489
2153	Deputy City Manager	0.07	0.07	\$	163,457	\$ 11,442
2270	Program Manager	1.00	1.00	\$	83,620	\$ 83,620
	Total	7.96	7.66			\$ 488,508

FINANCIAL MANAGEMENT TOTAL	31.33	30.03	\$	1,858,759
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Financial Management

Five-Year Expenditure Forecast

	FY 2004 FINAL	FY 2005 FORECAST	FY 2006 FORECAST	FY 2007 FORECAST	FY 2008 FORECAST	FY 2009 FORECAST
Positions	30.03	30.03	30.03	30.03	30.03	30.03
Personnel Expense	\$ 2,495,897	\$ 2,570,774	\$ 2,647,897	\$ 2,727,334	\$ 2,809,154	\$ 2,893,429
Non-Personnel Expense	\$ 377,927	\$ 389,265	\$ 400,943	\$ 412,971	\$ 425,360	\$ 438,121
TOTAL EXPENDITURES	\$ 2,873,824	\$ 2,960,039	\$ 3,048,840	\$ 3,140,305	\$ 3,234,514	\$ 3,331,550

Financial Management

Fiscal Years 2005-2009

No major projected requirements.

Financial Management

Revenue and Expense Statement

OPTIMIZATION PROGRAM FUND 50065

	FY 2002 ACTUAL	FY 2003 ESTIMATED	FY 2004 FINAL
BEGINNING BALANCE AND RESERVE			
Balance from Prior Year	\$ 150,195	\$ 124,740	\$ 115,983
TOTAL BALANCE	\$ 150,195	\$ 124,740	\$ 115,983
REVENUE			
General Fund	\$ 244,994	\$ 235,052	\$ 220,504
Other Fund Transfers/Contributions	\$ 270,593	\$ 361,973	\$ 539,907
TOTAL REVENUE	\$ 515,587	\$ 597,025	\$ 760,411
TOTAL BALANCE AND REVENUE	\$ 665,782	\$ 721,765	\$ 876,394
OPERATING EXPENSE			
Non-Personnel Expense	\$ 64,663	\$ 73,366	\$ 102,245
Personnel Expense	\$ 476,379	\$ 532,416	\$ 658,166
TOTAL OPERATING EXPENSE	\$ 541,042	\$ 605,782	\$ 760,411
TOTAL EXPENSE	\$ 541,042	\$ 605,782	\$ 760,411
BALANCE	\$ 124,740	\$ 115,983	\$ 115,983
TOTAL EXPENSE AND BALANCE	\$ 665,782	\$ 721,765	\$ 876,394